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This is the published version of a chapter published in *Blurring the lines: Market-driven and democracy-driven freedom of expression*.

Citation for the original published chapter:

Stiernstedt, F. (2016)

Blurring the boundaries in practice: Economic, organisational and regulatory barriers against native advertising.

In: Maria Edström, Andrew T. Kenyon & Eva-Maria Svensson (ed.), *Blurring the lines: Market-driven and democracy-driven freedom of expression* (pp. 123-131). Göteborg: Nordicom

N.B. When citing this work, cite the original published chapter.

Permanent link to this version:

<http://urn.kb.se/resolve?urn=urn:nbn:se:sh:diva-31089>

Blurring the Boundaries in Practice?

Economic, Organisational and Regulatory Barriers Against Native Advertising

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Abstract

Native advertising is often perceived as the future of both media and advertising. Not only is it said to lead to better, more effective advertising, it is also thought to be part of the solution to journalism's current economic crisis. Both supporters and critics are convinced of its future success: the transition to native is supposedly both smooth and unproblematic. This chapter seeks to nuance such accounts, using the example of Sweden. There are at least three main dilemmas, or barriers – economic, ideological/organisational and regulatory – for those who wish to 'go native' or in other ways maximise the influence of advertising upon editorial content. Analysing them suggests some avenues for action, including targeted protection of particular forms of media content such as news, and greater public support for a structurally divided media system: if commercial media can no longer manage to uphold a 'wall' within their companies, then the 'wall' might instead run through the media system at large.

Keywords: media system, media policy, regulation, self-regulation, media legislation, Sweden

Native advertising, advertorials, content marketing, paid content, product placement, branded content and similar concepts are contemporary buzzwords within the media and advertising industries. They refer to practices in which advertising mimics – and is produced in order to be perceived as – editorial content. In what follows, I will use the term 'native advertising' for all of these practices.

Native advertising is not a new phenomenon per se; the border between advertising and editorial content has been fuzzy and contested from the very beginnings of mass media (Murray 2013). Arguably, however, during the last few years, technological and economic changes have led to new negotiations on how to draw the line between commercial and editorial content (Schlesinger & Doyle 2015). In the words of Robert McChesney (2013:193), the "Internet does not alleviate the tensions between commercialism and journalism; it magnifies them". Native advertising is flourishing online, and especially in online journalism, but it exists on all platforms and in all media genres.

The promoters of native advertising describe it as a serious endeavour. According to them, the intention is not to fool audiences into accepting commercial messages as news reporting or other forms of more trustworthy communication. On the contrary, they promote native advertising as having a considerable number of positive effects: being more engaging and less disturbing, and bringing more value to customers (Mathiasen 2015). Native advertising is also seen as a way of avoiding ad-blocking technologies. Critics, on the other hand, such as Tamara Piety in this volume, point out – and I tend to agree – that such a discourse is nothing more than the whitewashing of a rather dubious activity; an activity that uses the credibility of non-commercial messages (e.g., journalism) in order to promote commodities, services and ideas on behalf of paying advertisers and to create consumer confusion. For Nick Couldry and Joseph Turow (2014:1722), native advertising, in combination with an increasing personalisation, furthermore poses a serious threat to democracy as it contributes in creating a media landscape that is “cleared of one basic ingredient of democratic life: the reliable and regular exchange of common ideas, facts, and reference points about matters of common concern”.

In the media and advertising industries, native advertising is often understood as the future; not least because it is seen as contributing to the solution of the current economic crisis within the media, and more specifically within journalism. Furthermore, for many of its commentators, it seems to be an *unavoidable* and *inescapable* future for media and journalism. Both supporters and critics of native advertising are convinced of its future success: the transition to ‘native’ is supposedly both smooth and unproblematic for practical application (Matteo & Dal Zotto 2015).

In this chapter, I would like to nuance such accounts. There are at least three main dilemmas, or barriers, for those who wish to ‘go native’ or those who in other ways seek to maximise the influence of advertising upon editorial content. These barriers are economic, ideological/organisational and juridical/regulatory. The context for the arguments that I put forward here is the Swedish media system. I use some examples from my own ethnographic fieldwork within a Swedish media company in the first two sections of the chapter. (For more information about this research project, see Stiernstedt 2013.)

Economic barriers

There are, of course, strong economic incentives for media industries not only to accept but also to promote and produce increasingly blurred lines between commercial and editorial content. However, there are also economic and structural forces working against this tendency. Media industries rely on at least two different kinds of commodities: texts and audiences. Texts are sold to users, while audiences are sold to advertisers. Both of these commodities are peculiar and full of contradictions: they are immaterial and elusive, difficult to create and enclose. Furthermore, media texts are ‘public

goods' (Rowley, Tollison & Tullock 1988/2013) as well as being highly dependent on the constantly changing popular taste. These structural conditions make media and journalism a high-risk enterprise, with excessive costs for product development and limited possibilities for increasing efficiency in production (Hesmondhalgh 2007). Accordingly, media industries have developed a range of strategies to handle these risks. One such strategy is the 'creative autonomy' that is afforded to media producers in order to maintain characteristics such as trustworthiness and originality in media texts – without which these texts would not appeal to audiences and would hence lose their value as commodities on the market (Banks 2010, Holt & Lapenta 2010, Ryan 1992).

Creative autonomy, of course, does not mean that it is impossible to engage in practices such as native advertising. However, it does mean that native advertising must be done in a way that is at least partly accepted by journalists, editors and other media professionals (see below for a more elaborated discussion on ideological and organisational barriers of this kind). Furthermore, and more importantly, the commodity form of media messages makes it necessary create native advertisements that in some way preserve values that appeal to audiences, such as credibility in journalism or creative originality in entertainment. Public trust is one strong barrier to what Couldry and Turow (2014:1719) has labelled a "seemingly unstoppable momentum" of native advertising. As discussed by Piety in this volume, the extensive use of native advertising might undermine this trust, and erode the credibility of non-commercial messages and that could be harmful for business, something that is well understood within the industries.

In my own research (Stiernstedt 2013), for example, I have seen that within the industry itself, practices of native advertising are openly critiqued and resisted, not only because of ethical or professional standards, and not mainly with reference to regulation and law, but with crude economic motives. For example, one of my informants, a senior manager in a radio company, told me: "If we have to push products or let companies write our manuscripts, it won't be funny or creative, and if it isn't funny or creative, we will eventually have no listeners left. And then we don't have anything to sell." Interestingly, in this volume, Crystal Abidin and Mart Ots have traced a similar logic in contemporary fashion blogging, where one might think the divisions between commercial and editorial content would be weak, to say the least. However, the fashion bloggers studied by Abidin and Ots have developed a set of norms and standards on how to maintain a 'wall' in their practices, based on economic motives.

Ideological and organisational barriers

The 'wall' within media production has material grounds, as I discussed above, and can ultimately be understood as a consequence of the commodity form of media products. However, the division between commercial and editorial content is also and simultaneously an idea: a cultural and ideological construct that works through

routines and professional socialisation. As an idea, the boundary between commercial and editorial content has never been a wall in any strict sense of the word. On the contrary, it has always been a porous and nebulous thing, constantly changing and a continuous object of negotiation between conflicting interests and groups. Nevertheless, the boundary between the editorial and business functions of media organisations is, writes Mark Coddington (2015:1), “one of the foremost professional markers of journalism, a principle that is reinforced most strongly in the central sites of its socialization”. Within journalism, this boundary has special importance and has long been an integral part of the professional identity of journalists. However, the boundary is not unique to journalism and can be found in various shapes and forms in most media and cultural industries.

The boundary between editorial and business functions is to a large extent an organizational issue. The dividing line between advertising, sales and marketing on the one hand, and producers, journalists and content providers on the other, has often been strict and heavily policed within media companies. The organisational divides are physical (e.g., being a question of location), structural (happening through practices and routines), mental (i.e., being in the minds of employees, regarding what they are and do), cultural (resting on shared beliefs and cultural expression, such as through different clothing) and ideological (i.e., providing explanations for actions and outcomes). When a media company wants to implement native advertising, or wants to cross the border between content and advertising in other ways, there are thus a range of organisational challenges (Stiernstedt 2013).

Between 2006 and 2010, I did ethnographic fieldwork at a Swedish media company that was in the middle of a dramatic organisational transformation. The company had the intention of ‘tearing down walls’ and integrating sales, marketing, editorial and managerial parts of the company. There were, however, great difficulties in achieving this goal. Several big organisational reforms were eventually rolled back, such as the integration of sales departments. New parts of the company, such as the ‘Creative Sales’ department, which had been formed with the intent to create native content, were – at least to some extent – failures. The managers behind the reorganisation had to engage in extensive campaigns trying to convince employees of the benefits of ‘working together’. Many of these managers are no longer holding a position within the company. Dissidence was widespread. And this was not a journalistic enterprise; the company that I studied mainly produced and distributed entertainment radio and television. In this volume, Maria Edström points to ways in which owners and managers try to get around not only legislation but also conflicts of this sort, for example by using external production companies. However, the fact still remains that ideologies of ‘the wall’ and its resulting organisational realities make the introduction of native advertising messy and contested, so that it is far from being as easy and natural as many of the proponents and critics of native advertising suggest. There are naturally differences in this respect between different media systems and media cultures. In a highly commercialised media system such as the ones in North and South America,

some of these ideologies of the wall might be weaker, whereas the Scandinavian countries with a strong public service tradition, at least in the broadcast media, might be an exceptional case in this respect. It is also reasonable to imagine differences over time. The fieldwork that I have done ended in 2010, and the situation might have changed a lot since then.

Regulatory barriers

A third barrier to overcome for those promoting native advertising is the legal and regulatory situation. As Eva-Maria Svensson points out in this volume, the Swedish authorities are quite clear on the distinction between commercial and non-commercial messages in the media. To a large extent, policymakers and politicians are accepting and embracing the necessity of a ‘wall’ between commercial and editorial departments and forms of media output. The idea of democracy-driven free speech is strong, and in many ways, the Swedish policy rests on claims that are similar to the professional ideology of journalists and media professionals: that the public debate and communication that take place in the media are of special importance for democratic society as such, and that they therefore need some kind of special protection.

For radio and television, medium-specific regulations uphold the boundary between commercial and non-commercial content. First of all, the very existence of a strong Swedish public service radio and public service television – which are non-commercial and financed through license-fees – is in itself a testimony to the political ambitions in this area and the perceived need to constrain and create alternatives to commercially funded communication. Swedish public service operators, like all terrestrial radio and television in Sweden, are governed by licenses allocated by the Swedish Press and Broadcasting Authority. The Broadcasting Authority is also responsible for auditing and reviewing the conduct of the broadcasting companies. The public service companies have strict rules regarding commercial content that prohibit all forms of ‘unfair favouring’ and product placement.

In addition to the permits and licenses issued by the Broadcasting Authority, all content is regulated by the Radio and Television Act. Section five of this law stipulates that a programme that is not a commercial shall not “unduly favour commercial interests”. This legislation clearly prohibits the acceptance of money or goods in return for displaying products, talking about them in a favourable way or acting in any other manner that might cause commercial interests to benefit from the content of a broadcast. For example, even in gameshows and other contexts where prizes are distributed to contestants, broadcasters have to be careful not to describe the prize (product) more than once and even then must use strictly formal, non-evaluative language. However, this regulation has only resulted in 82 verdicts condemning broadcasters (17 public service and 65 commercial broadcasters) since the beginning of the Swedish Broadcasting Commission, which is the tribunal for these cases. This result might attest to

the fact that the commission generally only reacts to notifications from the public. In other words, as long as no one from the viewing or listening audience reports the programme, no action is taken.

In addition to the Broadcasting Act, the Marketing Act applies to print and digital media. The Marketing Act mainly focuses on two things: whether marketing is too aggressive or too deceptive. Publishers are legally allowed to print native advertising or other more or less deceptive forms of marketing, but the marketing act still clearly states: “All marketing shall be designed and presented so that it is clear that it is a question of marketing. It should also be clear who is responsible for the marketing”.

Along with Swedish laws and regulation by Swedish authorities, attempts at self-regulation also work against a smooth transition to native advertising. In general, and traditionally, the press has had a rather limited amount of government intervention; instead, it has relied on self-regulation that is generally seen as more developed and robust than is common in English speaking countries. The Swedish Press Council and its Press Ombudsman control the ethical conduct of Swedish print journalism (including digital platforms and social network media). However, their code of ethics does not include any specifics about the boundary between editorial and commercial content. The Swedish Union of Journalists has developed a code of conduct for its members. Although this code relates mainly to external and direct pressure from commercial corporations on individual journalists, it also calls for caution when reporting on or describing goods, services and brands. The Swedish Media Publishers’ Association, the trade association for Sweden’s newspapers, previously financed a “committee against advertising in editorial material”, which was a self-regulatory tribunal taking on issues relating to native advertising. It was terminated in 2005, based on reasoning that it was ‘anachronistic’. Together with the Swedish Magazine Publishers Association, however, the Media Publishers’ Association has adopted recommendations on identifying advertising in which they conclude that “ensuring the credibility of the editorial text is of utmost importance”.

Attempts at self-regulation in advertising are also present in the broader field of advertising and public relations. The Swedish Advertising Ombudsman is a self-regulatory organisation founded by the industry. On the basis of complaints from the public, it assesses whether companies follow the ethical code set up by the ICC (International Chamber of Commerce). The ICC code contains guidelines both for advertising in traditional media (television, radio, print) and for so-called interactive advertising on digital platforms. It includes several sections on identification as advertising, identity of the advertiser, as well as on clarity and legibility.

The international industry organisation IAB (the Interactive Advertising Bureau) – of which all established media companies and groups in Sweden are members – has published ethical guidelines concerning native advertising. Here, again, questions of clarity and legibility are the main concerns: “It is a fundamental principle that promotional efforts must appear as such. Advertising must not be designed so that it is perceived as editorial text, but should be clearly marked as advertising.”

To summarise: Firstly, self-regulating organisations, politicians and juridical bodies all presuppose that there is a difference between commercial and editorial content in the media. Secondly, they presuppose that it is possible – and desirable – to keep these two forms of content separated (as by a ‘wall’). Thirdly, they all treat this boundary as normal and treat commercial influence as a violation, exception or error.

Final thoughts

Native advertising and advertiser-funded content are widespread, and the blurring of the boundary between commercial and editorial content seems to be the rule in much media output. This situation is not essentially new, even though it may be more common in contemporary – and especially digital – media than it has been historically.

However, there are also several forces – economic, organisational, ideological, political and regulatory – that work against this development. The transition to native advertising is not as smooth as both critics and advocates sometimes seem to think. The industry is full of dissidents, organisational structures tend to work against native advertising and the legal system and regulation are clearly restrictive. At the moment, however, the enforcement of existing laws and policies is weak. As Des Freedman (2008) reminds us, non-intervention is also a form of intervention, and as such, a form of political action. Perhaps it is not new norms or regulations that are needed, but better compliance and more interventions – not least in order to support those individuals and organisational structures that are trying to defend ‘the wall’. There may well be a great deal of popular support for upholding a separation between commercial interests and editorial decisions. The question of deceit and dishonesty that is inherent in native advertising is one that interests and concerns many, and that sometimes takes a political turn, as for example in media reform movements.

On the other hand one must ask, is it plausible to expect existing commercial media industries to be able to uphold the lines between commercial and editorial content, especially in the face of economic crisis? We are still, as pointed out by Couldry and Turow (2014) just a few years into this change, and maybe some of the ideologies, organisational forms, habits and self-regulation that at the moment presents barriers to native advertising will wither and disappear? New regulation in this area, and increasing the number of interventions, may also carry the risk of working against the freedom and independence of the media and an unwanted amount of surveillance and control from authorities may be required in order to be able to intervene against native advertising practices. The main development within native advertising is in digital media, and the vast amount of such media platforms, as well as the fact that they are often owned and operated from abroad, further hinders effective interventions from relevant authorities. How then, to move forward?

One thing would be to reserve intervention against native advertising to some forms of media output. In the Swedish Radio and Television Act, news reporting already has a

higher degree of protection than other forms of content against commercial influence. In other words, the legislator has already decided to differentiate between forms of speech. Elaborating this kind of protection further might provide a road forward for policy and political action in relation to native advertising. For example, some forms of media content could be given stronger protection, and the authorities could be given an expanded mandate to intervene in news and factual programming; while other forms of media content could be given more of a free rein in this area. This would probably demand increased public intervention also in digital and printed media, and might therefore be a dangerous road to follow since other important values such as freedom of the press might be risked. Yet another possible form of intervention, which probably would be more successful but also is more politically difficult to achieve, is the creation of new services for market correction. If commercial media can no longer manage to uphold a 'wall' within their companies, then the 'wall' might instead run through the media system at large and be upheld with the help of government policies. The public service model could then be expanded and exported to digital platforms and perhaps even to more traditional media such as newspapers and magazines. This could be done in several different ways, there could be public service funds from which all media companies could apply for grants for public service productions, there could be new institutions created and old institutions could be given new roles, especially within the digital realm. This expansion would probably demand a combination of national and international initiatives regarding both policy and the practical creation of new public service institutions and the European Union would have an important role to play here. However, the current dominant tenor all over Europe has the opposite intent: to push back and delimit existing public service institutions, so at the moment this road might be too politically difficult to follow.

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